

State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

November 1, 2006

CERTIFIED RETURN RECEIPT
7002 0510 0003 8603 3769

Mike Dalley
Staker & Parson Companies
151 West Vine Street
Murray, Utah 84107

Subject: Notice of Cancellation/Termination of Reclamation Surety Bond Number
 , Staker & Parson Companies, Beck Street (M/035/019), Salt
Lake County, Utah

Dear Mr. Dalley:

Please review the enclosed Liberty Mutual's Notice of Cancellation and/or Termination notification indicating the Corporate Surety (CS) in the amount of \$300,000.00 is being cancelled and/or terminated in accordance to the provisions of the bond. According to the terms of the CS, the insurance company may elect not to renew as long as a ninety (90) day notice is given to the Division. These terms have been met, therefore, effective January 30, 2007, the CS will be terminated. Paragraph 2 of the Reclamation Contract, states the Operator shall provide a replacement surety within sixty (60) days following the Division's receipt of the cancellation/termination notice.

You are hereby advised that the Division must receive a replacement form of surety within 60 days or prior to December 30, 2006 or the Division will be forced to do any/some of the following:

- **Carry out the terms of the CS number?**
- **Submit a request to the Board of Oil, Gas and Mining to withdraw the permit**
- **Order the cessation of mining operations**
- **Order immediate reclamation of all lands affected**

The Division is in the process of preparing a letter, Notice of Tentative Approval to Commence Large Mining Operations, which identifies the required reclamation surety amount for this site. As part of the final permit approval requirement, a reclamation surety in the amount of \$1,437,300.00 will be required. There are several bonding options available and if you choose a corporate surety, please ensure the Division's transitional surety bond form, attachment B is **NOT** used. Please be aware, the deadline for replacing the existing \$300,000.00 corporate surety is December 30, 2006. Therefore, if you would like to submit one bond for the full amount, it must be submitted by this date. Permit approval will not occur, however, until the bond amount has been submitted and received Division approval.

If you have questions or require assistance regarding the surety, please contact Surety Coordinator, Beth Ericksen (801) 538-5318. Thank you in advance for your prompt attention to this important permitting requirement.

Sincerely,



Susan M. White
Mine Program Coordinator
Minerals Regulatory Program

SMW:BE:be

Enc: Liberty Mutual Notice of Cancellation and/or Termination dated October 24, 2006

cc: Beth Ericksen, DOGM

Doug Jensen, DOGM

John W. Parson, Staker & Parson Companies, Post Office Box 3429, Ogden, Utah 84409 (w/enc)

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NOTICE OF CANCELLATION AND/OR TERMINATION

CERTIFIED MAIL-RETURN RECEIPT REQUESTED
7005 2570 0001 5977 1747

October 24, 2006

Utah Dept. of Natural Resources
Division of Oil, Gas & Mining
1594 W North Temple, Suite 1210
Salt Lake City, UT 84114-5801

RECEIVED
OCT 30 2006

DIV. OF OIL, GAS & MINING

Bond Number:
Principal: Staker & Parson Companies
Present Penal Sum: \$300,000.00
Bond Description: Reclamation - Permit #M/035/019 - North Beck Street
Original Effective Date: December 1, 2005
Cancel Date: January 27, 2007

We hereby cancel the above referenced bond in accordance with the cancellation/termination provisions contained in the bond. If, for any reason, the effective date of this Notice does not fully comply with the cancellation/termination provisions contained in the bond, then this Notice shall be deemed amended to contain the earliest effective date which is in compliance with the provisions of the bond.

Reason: Business placed with another Surety.

LIBERTY MUTUAL INSURANCE COMPANY

By:


Mary Jane Kleeman, Attorney-in-Fact

REPLY TO:
Liberty Mutual Surety
8044 Montgomery Road, Suite 150E
Cincinnati, OH 45236
800-759-0559, Ext 323
Fax: 513-984-3165

ACKNOWLEDGEMENT REQUIRED - PLEASE SIGN AND RETURN A COPY IN SELF
ADDRESSED ENVELOPE ENCLOSED.

ACKNOWLEDGED BY: _____ DATE: _____

ACKNOWLEDGEMENT
SENT 10/30/06

Copy

- ☒ Oblige
- ☒ Principal
- ☒ Producer
- ☒ Home Office
- ☒ Underwriting Office